

# EXHIBIT D

UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
WASHINGTON, DC 20549

FORM 8-K

CURRENT REPORT  
PURSUANT TO SECTION 13 OR 15(d) OF  
THE SECURITIES EXCHANGE ACT OF 1934

Date of report (Date of earliest event reported) January 31, 2007

THE CHILDREN'S PLACE RETAIL STORES, INC.  
(Exact name of registrant as specified in charter)

Delaware  
(State or Other Jurisdiction  
of Incorporation)

0-23071  
(Commission File  
Number)

31-1241495  
(IRS Employer  
Identification No.)

915 Secaucus Road, Secaucus, New Jersey, 07094  
(Address of Principal Executive Offices) (Zip Code)

(201) 558-2400  
(Registrant's telephone number, including area code)

Not applicable  
(Former Name or Former Address, if Changed Since Last Report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- ☐ Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
  - ☐ Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
  - ☐ Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
  - ☐ Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))
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***Item 2.02 Results of Operations and Financial Condition***

On February 1, 2007, The Children's Place Retail Stores, Inc. (the "Company") issued a press release regarding the Company's preliminary financial results for its third fiscal quarter ended October 28, 2006.

A copy of a press release relating to the foregoing is attached hereto as Exhibit 99.1 and is incorporated in this Item 2.02 by reference.

The information contained under this Item 2.02 shall not be deemed "filed" for purposes of Section 18 of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), or incorporated by reference in any filing under the Securities Act of 1933, as amended, or the Exchange Act, except as shall be expressly set forth by specific reference in such a filing.

***Item 5.02 Departure of Directors or Principal Officers; Election of Directors; Appointment of Certain Officers; Compensatory Arrangements of Certain Officers.***

(b) On January 31, 2007, Steve Balasiano resigned as Chief Administrative Officer, General Counsel and Secretary, effective immediately. However, Mr. Balasiano will continue as a Senior Vice President with continued supervisory responsibility for the Company's real estate, store design, re-modeling and maintenance matters.

(c) On January 31, 2007, the new position of Executive Vice President, Finance and Administration has been established and designated as a principal executive officer together with the Chief Executive Officer. Susan Riley, currently the Company's Senior Vice President and Chief Financial Officer, has been selected for this position, effective immediately. In this position, Ms. Riley will be responsible for supervision of the Company's finance, treasury, accounting, internal audit, legal and human resources functions, reporting to the Chief Executive Officer and the Board. She will remain as Chief Financial Officer on an interim basis, pending completion of a search to fill this position. Information regarding Ms. Riley's employment relationship with the Company and other biographical information is contained in Part III of the Company's Annual Report of Form 10-K, for the year ended January 28, 2006. In light of the changes to Ms. Riley's functions, the Company's Compensation Committee is considering appropriate adjustments to her compensation arrangements.

A copy of a press release relating to the foregoing is attached hereto as Exhibit 99.2 and is incorporated in this Item 5.02 by reference.

***Item 8.01. Other Events.***

On January 31, 2007, the Company announced that the special committee of the Board of Directors previously appointed to investigate the company's stock option grant practices completed its investigation and delivered its report and recommendations for actions to be taken to the Board. In accepting the special committee's report, the Company also announced a series of actions and decisions, including (i) the matters discussed in Item 5.02 hereof, and (ii) the separation of the positions of Chairman of the Board and Chief Executive Officer, effective immediately. An independent director will be selected to serve as non-executive Chair as soon as practicable. Sally Frame Kasaks, currently the Lead Director, will continue in such position and act as Chair until a Chair is selected. Ezra Dabah will continue as Chief Executive Officer and as a member of the Board.

A copy of a press release relating to the foregoing is attached hereto as Exhibit 99.2 and is incorporated in this Item 8.01 by reference.

*Item 9.01. Financial Statements and Exhibits.*

The following exhibits are furnished herewith:

99.1 Press release of The Children's Place Retail Stores, Inc. dated February 1, 2007

99.2 Press release of The Children's Place Retail Stores, Inc. dated January 31, 2007

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SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

THE CHILDREN'S PLACE RETAIL STORES, INC.

By: /s/Susan Riley

Name: Susan Riley

Title: Executive Vice President, Finance and Administration

Dated: February 1, 2007

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EXHIBIT INDEX

<u>Exhibit No.</u>	<u>Description</u>
99.1	Press Release of The Children's Place Retail Stores, Inc. dated February 1, 2007
99.2	Press Release of The Children's Place Retail Stores, Inc. dated January 31, 2007

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# THE CHILDREN'S PLACE

## FOR IMMEDIATE RELEASE

### **THE CHILDREN'S PLACE RETAIL STORES, INC. REPORTS PRELIMINARY THIRD QUARTER 2006 FINANCIAL RESULTS AND PROVIDES GUIDANCE**

**Secaucus, New Jersey - February 1, 2007 - The Children's Place Retail Stores, Inc. (Nasdaq: PLCE)** today announced preliminary financial results for its fiscal third quarter ended October 28, 2006. These preliminary results may be subject to significant adjustment as a result of the Company's restatement of previously issued financial results to correct the accounting for past stock option grants to reflect the findings of the investigation into the Company's stock option practices, which were announced in a separate press release yesterday. As a result, the Company is not providing year-to-date results, net income on a per share basis or full comparative financial results for the third quarter and nine-months ended October 29, 2005, and is providing only selected balance sheet data.

#### **Fiscal 2006 Third Quarter**

- □ □ □ As previously announced, consolidated net sales for the third quarter ended October 28, 2006 increased 25% to \$550.4 million compared to \$441.0 million last year. Third quarter sales were comprised of \$397.2 million from The Children's Place brand, a 24% increase over last year, and \$153.2 million from Disney Store, a 27% increase over last year.
- □ □ □ Consolidated comparable store sales increased 14% in the quarter. The Children's Place brand's comparable store sales increased 15% on top of last year's 6% increase. Disney Store's comparable store sales increased 12%.
- □ □ □ Preliminary operating income was \$61.0 million, or 11.1% of net sales.
- □ □ □ Preliminary net income was \$38.0 million including equity compensation expense of \$3.2 million, pre-tax, under SFAS 123R, which the Company adopted at the beginning of fiscal 2006. Also included in third quarter net income was approximately \$4.2 million in pre-tax expense (\$1.1 million of which is non-cash) primarily due to the cost of conducting the stock option investigation and other stock option related expenses.
- □ □ □ Preliminary diluted shares outstanding in the third quarter were approximately 30 million shares.
- □ □ □ During the third quarter, the Company opened 30 Children's Place stores and closed one. In addition, the Company opened 11 Disney Stores.

- more -

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**PLCE - Preliminary Third Quarter 2006 Financial Results**

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**Guidance****Fourth Quarter 2006**

The Company stated that, at this time, it anticipates reporting preliminary fourth quarter fiscal 2006 net income of approximately \$45 to \$48 million, including approximately \$3.5 million, pre-tax, in equity compensation expense under SFAS 123R. This guidance reflects month-to-date January comparable store sales in the negative mid-single digits for The Children's Place and positive mid-twenties for Disney Store.

Also included in the Company's fourth quarter guidance are:

- □ □ An approximate \$4 to \$6 million tax benefit due to the utilization of certain foreign tax credits;
- □ □ approximately \$9 million, pre-tax, in costs in connection with the stock option investigation and tax implications related to outstanding grants. These costs are subject to significant adjustment pending the review of the Company's determination of the appropriate accounting for its previously issued stock options, related discussions with the staff of the Securities and Exchange Commission, and clarification of certain tax laws and their accounting impact; and
- □ □ approximately \$6 to \$8 million in pre-tax write-offs due primarily to: i.) the re-evaluation of a planned 4<sup>th</sup> Street store location in New York City to reflect configurations currently under consideration; and ii.) infrastructure investments that had been made in connection with DisneyStore.com, as the Company is in discussions with the Walt Disney Company to form an e-commerce alliance, in which DisneyStore.com would maintain a presence within Disney.com, in an effort to create a seamless experience for the guest.

Excluding the three bulleted items shown above, preliminary fourth quarter net income is anticipated to be approximately \$51 to \$53 million. The Company has excluded these items because it does not believe they are indicative of the core business and that it is a beneficial supplemental disclosure to investors in analyzing its past and future performance.

**Fiscal 2006**

At this time, the Company anticipates reporting preliminary full year fiscal 2006 net income of approximately \$83 to \$86 million, including approximately \$13 million, pre-tax, in equity compensation expense under SFAS 123R, approximately \$14 million, pre-tax, in stock option investigation and related expenses, and the above referenced tax benefit and write-offs.

The Company anticipates a preliminary diluted share count for the fourth quarter and fiscal 2006 of approximately 30 million shares.

"Third quarter results at both brands were strong, while the fourth quarter was challenging at The Children's Place and strong at Disney Store," said Ezra Dabah, Chief Executive Officer of The Children's Place. "At The Children's Place brand, sales were impacted primarily due to lack of unit inventory ownership and weather patterns. Importantly, the fundamentals and competitive advantages that have made our business successful remain intact."

Mr. Dabah continued, "At The Children's Place, we are excited to announce the launch of our new 'store-within-a-store' shoe concept, which we plan to roll out during the upcoming back-to-school season. We believe our successful formula of great fashion and high quality at value prices will fill a large void in the marketplace, when applied to children's footwear."

- more -



**PLCE - Preliminary Third Quarter 2006 Financial Results****Page 3**Fiscal 2007

At this time, the Company anticipates fiscal 2007 earnings per share of approximately \$3.55 to \$3.65. The Company anticipates a tax rate of 38% and 31 million diluted shares outstanding. In addition, this guidance includes a provision of approximately \$6 million, in pre-tax expense to address issues with certain recently remodeled Disney Stores. This guidance does not reflect any residual expenses the Company may incur as a result of the conclusion of the stock option investigation.

The Company has recently commenced discussions with the Walt Disney Company regarding potential modifications to certain terms of the Company's long-term license agreement to operate the Disney Store retail chain in North America, some of which may be material. These discussions are still at an early stage and, as such, the Company cannot predict the specific nature of any modifications to the license agreement. If the Company is unable to reach agreement with Disney on the modifications, Disney may assert that certain defaults exist under the license agreement and Disney may reserve its rights and remedies under the agreement.

The Children's Place will host a conference call to discuss its preliminary third quarter results today at 8:30 a.m. Eastern Time. Interested parties are invited to listen to the call by dialing (785) 830-7975 and providing the Conference ID, PLCE. The call will also be webcast live and can be accessed via the Company's web site, [www.childrensplace.com](http://www.childrensplace.com). A replay of the call will be available approximately one hour after the conclusion of the call, until midnight on February 8, 2007. To access the replay, please dial (402) 220-0489, or you may listen to the audio archive on the Company's website, [www.childrensplace.com](http://www.childrensplace.com).

The Children's Place Retail Stores, Inc. is a leading specialty retailer of children's merchandise. The Company designs, contracts to manufacture and sells high-quality, value-priced merchandise under the proprietary "The Children's Place" and licensed "Disney Store" brand names. As of December 30, 2006, the Company owned and operated 866 The Children's Place stores and 334 Disney Stores in North America and The Children's Place online store at [www.childrensplace.com](http://www.childrensplace.com).

*This press release and above referenced call may contain certain forward-looking statements regarding future circumstances. These forward-looking statements are based upon the Company's current expectations and assumptions and are subject to various risks and uncertainties that could cause actual results to differ materially from those contemplated in such forward-looking statements including, in particular, the risks and uncertainties described in the Company's filings with the Securities and Exchange Commission, as well as the risks and uncertainties relating to the Company's stock option grants and procedures and the recently completed investigation by the special committee of the Company's Board of Directors, the previously announced pending restatement of the Company's historical financial statements, the delays in filing the Company's periodic reports with the Securities and Exchange Commission, the outcome of the informal investigation of the Company being conducted by the Securities and Exchange Commission, potential other governmental proceedings, the shareholder litigation commenced against the Company and certain of its officers and directors, and the potential impact of each of these matters on the Company, as well as matters relating to the Company's discussions with The Walt Disney Company. Actual results, events, and performance may differ. Readers or listeners (on the call) are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date hereof. We undertake no obligation to release publicly any revisions to these forward-looking statements that may be made to reflect events or circumstances after the date hereof or to reflect the occurrence of unanticipated events. The inclusion of any statement in this release does not constitute an admission by The Children's Place or any other person that the events or circumstances described in such statement are material.*

Contact: The Children's Place Retail Stores, Inc.  
Susan Riley, EVP, Finance & Administration, 201/558-2400  
Heather Anthony, Senior Director, Investor Relations, 201/558-2865

(Tables Follow)

**THE CHILDREN'S PLACE RETAIL STORES, INC.**  
**PRELIMINARY CONDENSED CONSOLIDATED STATEMENT OF INCOME**  
(In thousands)  
(Unaudited)

	13 Weeks Ended October 28, 2006	% of Sales
Net sales	\$ 550,410	100.0%
Cost of sales	<u>309,930</u>	56.3%
Gross profit	240,480	43.7%
Selling, general and administrative expenses	163,336	29.7%
Depreciation and amortization	<u>16,129</u>	2.9%
Operating income	61,015	11.1%
Interest income, net	<u>670</u>	0.1%
Income before income taxes	61,685	11.2%
Provision for income taxes	<u>23,689</u>	4.3%
Net income	<u>\$ 37,996</u>	6.9%

**THE CHILDREN'S PLACE RETAIL STORES, INC.**  
**SELECTED CONSOLIDATED BALANCE SHEET DATA**  
(In thousands)  
(Unaudited)

	<u>October 28, 2006</u>	<u>January 28, 2006</u>	<u>October 29, 2005</u>
Cash and cash equivalents	\$ 147,257	\$ 173,323	\$ 122,428
Inventories	302,394	214,702	261,160
Revolving credit facility	0	0	55,299
Accounts payable	127,673	82,826	87,282

Note: The October 29, 2005 balance sheet includes the retrospective application of FSP FAS 13-1.

**THE CHILDREN'S PLACE RETAIL STORES, INC.**  
**PRELIMINARY SEGMENT INFORMATION**  
(In millions)  
(Unaudited)

	<u>Thirteen Weeks Ended October 28, 2006</u>			
	<u>The Children's Place</u>	<u>Disney Store</u>	<u>Shared Services</u>	<u>Total Company</u>
Net sales	\$ 397.2	\$ 153.2	\$ -	\$ 550.4
Segment operating profit (loss)	78.5	10.4	(27.9)	61.0
Operating profit as a percent of net sales	19.8%	6.8%	N/A	11.1%

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